

UNSECURED LOAN TO BRITAIN HINTED AT

H. B. Davison, Back From London, Argues for Fair Treatment for Entente.

BEES PROFIT IN FUTURE

New Issue, He Says, Would Aid Greatly in Extending Foreign Trade of U. S.

Henry P. Davison of J. P. Morgan & Co., who returned on Sunday from Europe, where he and J. P. Morgan, who is still in London, arranged terms for the new \$200,000,000 United Kingdom loan, issued a statement yesterday which foreshadowed another unsecured loan, similar to the Anglo-French loan which was floated a year ago.

The latter, for \$200,000,000, although wholly successful, was not taken so readily as in the cases of the recent loans, which were backed by collateral. Against the \$250,000,000 British loan, brought out last August, \$200,000,000 in securities was deposited in New York, while the last French Government loan had the backing of an American company formed to issue its own debentures against collateral in the form of securities deposited by the French Government in a New York trust company.

Mr. Davison's statement follows: "My trip to Europe, from which I returned to my office this morning, was made for the purpose of discussing munitions and finance with the authorities in London and Paris. I also hoped that I might form something of an opinion of the military situation from personal observation, and this I was given ample opportunity to do.

"After spending three days in Paris I was informed that arrangements had been made for me to visit the front, so I started at once, going first to Verdun and then along the line to the French and British sections of the front. Following under the direction of the military authorities I had the privilege not only of thoroughly viewing the operations and studying the organization of both armies but also of meeting the generals, their staffs and the other officers and men down through the line.

"It is futile to attempt to describe the impressions gained from such an experience. No one can have the slightest conception of the magnitude of the organization and undertaking without personally being on the ground, and one cannot but be profoundly impressed with the personnel of both armies and their better understanding and appreciation of the reasons for the marked change seen and felt throughout both England and France.

"When I visited these countries about a year ago there was no question in the minds of the people as to their ultimate success; now their attitude is not alone one of confidence but also one of deep satisfaction in having at last found themselves as to munitions, organization and men, all showing the finest spirit imaginable throughout the entire line. The best proof of this are their achievements since the first of July.

Figuring on the Future. "It is interesting to note that however perfectly equipped they may be, and however successful their offensive has been, there is every evidence that the Allies, co-operating and harmonized as one nation, apparently have no idea of abating in the slightest degree their purpose of providing for all possible future needs.

"When in France I also availed of the opportunity afforded to acquaint myself with the financial and industrial situation and visit some of the munition plants, the development of which in so brief a period seems little short of marvellous. While I have for many years appreciated the financial strength of France, perhaps nothing on my trip impressed me more than the evidence, under these circumstances, of that country's great capacity and wealth.

"Even considering her wealth, her army, the wonderful adaptability of her people and her national spirit, one must marvel at what she has accomplished since August, 1914, and how to her almost in reverence, Great Britain, with her 'contemptible little army' of about 250,000 men, as it was styled two and a quarter years ago, but with a force now numbering between four and five million men, equipped and trained, also has spared no effort in developing her manufacturing resources. Certainly history records no parallel to the achievements of Great Britain and France in this regard.

"Events have moved so rapidly in the last two years that we are apt to get that Great Britain and France have for a long time been the two principal investing countries of the world. An analysis of their wealth shows the most amazing results.

"Take Great Britain, for instance. It is estimated that just prior to the war the investment of her people in securities representing property outside of England was \$20,000,000,000. This foreign investment is, of course, natural by reason of the limited size of England, thus compelling her people to seek outside investments. I doubt if prior to the war the aggregate of the investments held in the United States securities representing property outside of the country would exceed \$250,000,000.

War Changed Conditions Here.

"In July, 1914, the United States was in the midst of an industrial depression which was beginning to be seriously felt throughout the country. But suddenly, almost overnight, the monstrous tragedy in Europe developed, and as a result we are to-day perforce experiencing unprecedented prosperity throughout the length and breadth of the land.

"Immediately after the outbreak of the war Great Britain and France, as well as some of the other Allies, finding themselves wholly unprepared in the way of munitions for such an emergency, rushed to the United States for equipment of every kind, seeking early delivery and paying high prices. The volume of material purchased in this way far beyond their expectations or our own. These purchases were made because at that time they had to have the goods.

"Now the situation is materially different. During the more than two years which have passed Great Britain and France have not only carried on the war on the western front but as stated have at the same time developed their own manufacturing resources in a way which surpasses belief, so that to-day they find themselves well equipped and in a position to provide not only for themselves but in a large degree to assist their allies. In stating this I do not mean to imply that there are not many things they will require from us as they go before the war and will after.

"I do not mean there are very many supplies which they would rather purchase from us than produce at home, reserving the resources required for such production for other purposes to their later advantage. The point is that to-day their position is one of independence compared with that of two years ago.

"I am perfectly clear that if we regard

Great Britain and France as desirable customers and wish to continue to sell them our products, we must treat them as a producer usually treats a desirable customer, in which event I am confident we will continue to supply them largely, not only during the war, but for the reconstruction period which will follow.

"I have been wondering how we in this country would feel if the tables were reversed. Suppose, for instance, we suddenly found ourselves plunged into war, and finding ourselves wholly unprepared sought at once \$200,000,000 worth of materials and munitions. Say we placed our orders with Great Britain and France, and were then told by them that they would require in payment \$100,000,000 in gold, that they would accept \$100,000,000 in United States Government bonds, and that the remainder must be paid in United States Government bonds secured by bonds of certain South American Governments. I believe that this is a fair parallel to our present attitude, and I also believe that if our creditors took that position we would meet their requirements as to payment and at once set about to place ourselves in a position of independence as far as possible to do so.

"It naturally would be inconceivable to us that the people of Great Britain or

France could question the obligation of the United States Government in peace or in war. In this connection it is my unqualified opinion that the unsecured government bond of Great Britain or of France, free from home income tax and payable in dollars in the United States, is just as sure to be paid as the unsecured bond of the United States Government, no matter how the war terminates. In making this statement I

am not unmindful of the cost of this war, and that that cost must be met and can only be met through taxation. "It is on this very question of after war taxation that we must note the great difference between external and internal obligations of the warring countries. When I asked one of the highest authorities in Great Britain how he would express the difference between an external and an internal obligation he

replied that 'an external obligation of the Government is a debt owed by the Government to its own people; an external obligation of the Government is a debt of all of the people through the Government to holders without the country.'

"If we are to make assured our present prosperity and increase it, as we properly can, it seems to me important that our people should realize these

facts and meet this opportunity, the one of which let us fervently hope will not again be presented. If this property is to be shared by the country at large our investors, our bankers and the public generally must take a broad, intelligent view of the opportunities before us and assure the peoples of these foreign Governments that we desire their trade and have confidence as to their financial soundness."

POLITICAL.

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Wilson's Opinion of Labor Before He Entered Politics

New York City, June 16, 1909.

Hon. Woodrow Wilson,
President Princeton University,
Princeton, N. J.

Dear Sir:—

In the New York Times of June 14, which purports to give extracts of your baccalaureate address to the students of Princeton University, you are quoted as follows:—

"You know what the usual standard of the employee is in our day. It is to give as little as he may for his wages. Labor is standardized by the trade unions, and this is the standard to which it is made to conform. No one is suffered to do more than the average workman can do. In some trades and handicrafts no one is suffered to do more than the least skillful of his fellows can do within the hours allotted to a day's labor, and no one may work out of hours at all or volunteer anything beyond the minimum."

Now, your reported remarks strike me as being so extraordinary—so different from what I, as a member of organized labor, have found to be the facts—that I feel impelled to ask you if the foregoing paragraph is a correct report of what you said.

If you are correctly quoted, I should like to have you give me your authority for your statement that in labor unions "no one is suffered to do more than the average workman can do." Also give me the names of a few trades or handicrafts where "no one is suffered to do more than the least skillful of his fellows can do within the hours allotted to a day's labor, and no one may work out of hours at all or volunteer anything beyond the minimum."

As a matter of course, a president of a university of the reputed standing of Princeton would not make statements in his baccalaureate address unless he knows, or at least fully believes, that his statements are true. Therefore it ought not to be a difficult matter for you to oblige me with the names of those labor unions whose laws, or even policies, bring about the results you specify.

Awaiting your reply with lively interest, I am,
Yours very truly,

Edgar R. Lavery,
Care Evening Telegram,
New York City.

PRINCETON UNIVERSITY
PRINCETON, N. J.

June 16th, 1909.

My dear Sir:—

Your letter of June 16th contains a very proper challenge. I quite agree that I ought not to make the statements I did make about the trade unions, unless I were able to cite cases in verification of my statements.

I, of course, had no individual trades unions in mind which I can name by number, but I had in mind several cases of buildings in New York City, for example, the brick layers working on which spent about one third of the working day sitting around, smoking their pipes and chatting, because they had laid the number of bricks to which they were limited for the day by the union to which they belonged.

I had in mind numerous experiences of my own in dealing with working men in Princeton, where I once found it impossible, for example, on a very cold evening to get a broken window pane mended at the house of an invalid friend, because the

prescribed labor hours of the day were over and the glazier could not venture, without risking a strike, to do the work himself and could not order any of his workmen to do it. I had in mind scores of instances, in short, lying within my own experience and resting upon the testimony of friends in whose veracity I have every reason to have the greatest confidence.

I of course could not, in the case of more than one or two of these instances, give legal proof of my assertions, but the evidence I have are entirely sufficient to convince me of the general truth of the statement I made.

Very truly yours,

Woodrow Wilson

Mr. Edgar R. Lavery.

Labor's Opinion of Hughes After He Retired From Politics

"HE WAS A GREAT GOVERNOR"

"Now that Governor Hughes has retired from politics and ascended to a place on the highest judicial tribunal in the world, the fact can be acknowledged without hurting anybody's political corns, that he was the greatest friend of labor laws that ever occupied the governor's chair at Albany. During his two terms he has signed 56 labor laws, including among them the best

labor laws ever enacted in this or any other state. He also urged the enactment of labor laws in his messages to the legislature, even going so far as to place the demand for a labor law in one of his messages to an extra session of the legislature.

"Only 162 labor laws have been enacted in this state since its erection in 1777—in 133 years. One-third of these, exceeding in quality all of the others, have been en-

acted and signed during Governor Hughes's term of three years and nine months.

"With such a record of approval and suggestion of progressive legislation in the interest of humanity to his credit, it is easy to believe that human rights will have a steadfast and sympathetic upholder in the new Justice of the Supreme Court of the United States."

From the October, 1910, Issue of Legislative News. Published by New York State Federation of Labor.

Labor's Opinion of Hughes is Based on WHAT HE HAS DONE

These Are Some of the Laws He Advocated and Signed While Governor of New York:

Wainwright Commission of Inquiry.

Automatic mutual agreement compensation law.

Automatic compulsory compensation. (The first law of this kind enacted in the United States.)

Limiting the hours of labor for street car men.

Limiting the hours of labor for men in train service.

Limiting the hours of labor for signalmen and railroad telegraphers.

Placing young women from 18 to 21 years of age in the protected class.

ELEVEN CHILD LABOR LAWS extending over a period from 1907 to 1910.

(These laws secured the first definite standard for the protection of children in New York.)

Reconstructed the State Department of Labor.

Changed the penalties to make enforcement of labor laws easier.

Requiring semi-monthly payment of wages.

THIRTEEN LAWS relating to welfare, safety and sanitation in workshops.

Republican National Publicity Committee